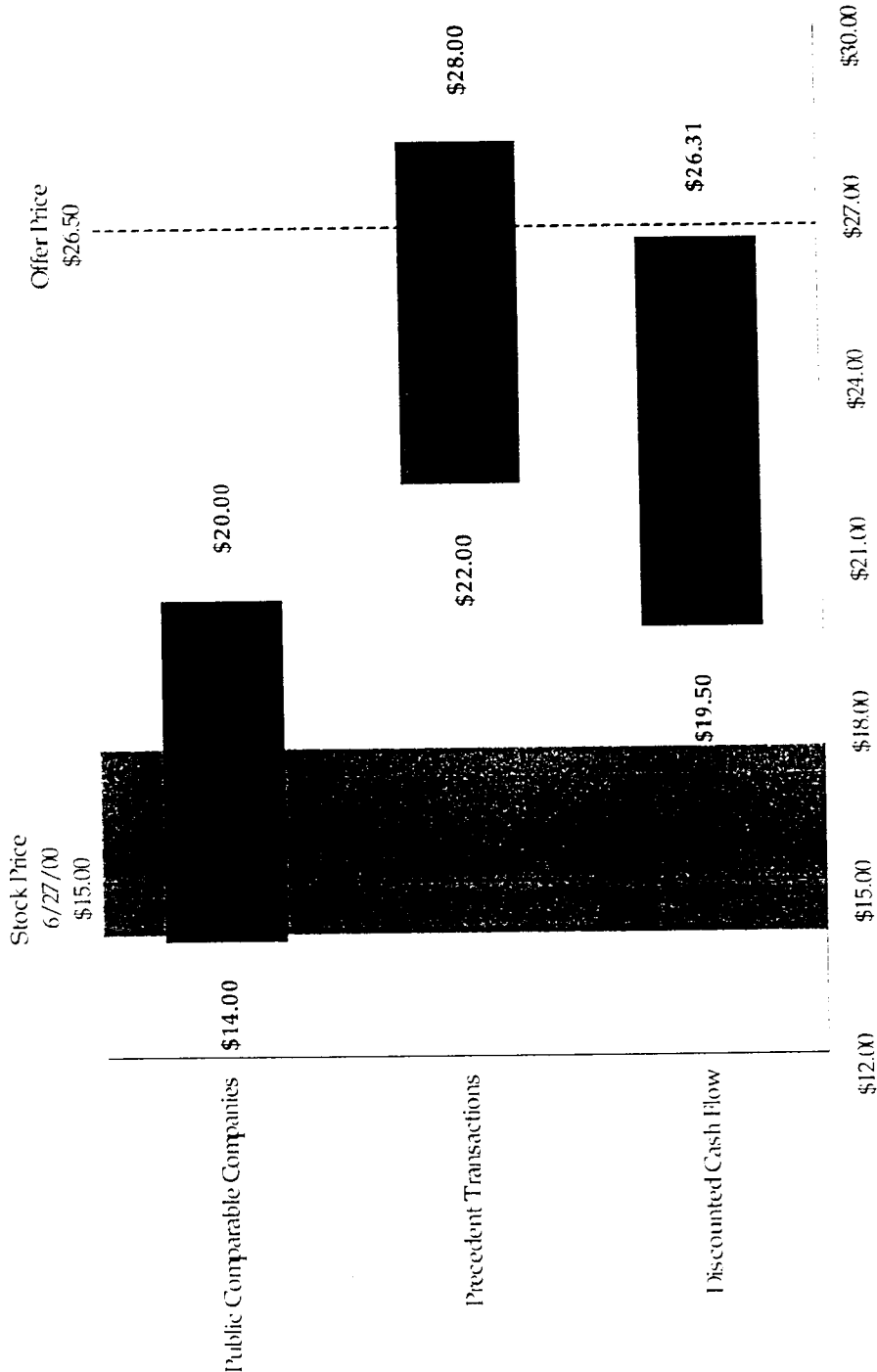


M&A Valuation Example

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Valuation Summary

Implied Equity Value per Share



Note: Shaded area represents 52-week trading range from \$14.13 to \$17.38, as of 6/27/00.

Weighted Average Cost of Capital Analysis

SELECTED ASSET BETAS

Company	Equity		Asset	
	Beta (a)		Beta (b)	
NSTAR	0.55		0.32	
United Illuminating Company	0.45		0.28	
Madison Gas & Electric	0.41		0.32	
Maine Public Service	0.36		0.19	
Mean	0.44		0.28	
Median	0.43		0.30	

WEIGHTED AVERAGE COST OF CAPITAL

	Range	
	Low	High
Cost of Equity		
10 Year U.S. Treasury (c)	6.08%	6.08%
Equity Market Risk Premium	5.50	7.50
Asset Beta	0.25	0.35
Debt Beta	0.00	0.00
Debt / Cap (Market)	40.0%	50.0%
Effective Marginal Tax Rate	38.8%	38.8%
Adjusted Equity Market Risk Premium	1.94%	4.23%
Cost of Equity	8.02%	10.31%
Cost of Debt		
10 Year U.S. Treasury (c)	6.08%	6.08%
Credit Spread	2.50	2.90
Cost of Debt (Pretax)	8.58%	8.98%
Cost of Debt (Aftertax)	5.25	5.50
WACC	6.91%	7.90%

(a) Source: Bloomberg's estimate using Value Line's estimation methodology using returns vs. the S&P 500 as of 6/27/00.

(b) $\beta_A = \beta_E \left[\frac{\% E}{[\% E + \% D \cdot (1 - T)]} + \beta_D \cdot \left[\frac{\% D \cdot (1 - T)}{\% D \cdot (1 - T) + \% E} \right] \right]$

(c) As of 6/27/00.

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Public Market Comparable Companies Analysis

(US Dollars in Millions, Except Stock Price)

Company	Stock Price (a)	% of 52 Week		Equity Market Cap	Total Debt/Market Cap	Firm Value (b)	Price / Net Income (c)		Firm Value / EBITDA		ROE LTM
		High	Low				LTM	2000E	LTM	2001E	
NSTAR (NST) (d)	\$41.38	(12.0%)	13.0%	\$2,070	51.8%	\$4,332	13.3x	13.0x	7.0x	11.8x	11.7%
United Illuminating Company (UIL)	43.00	(19.8)	13.5	616	44.6	1,102	10.4	11.4	4.4	1.30	11.7
Madison Gas & Electric (MDSN)	20.06	(12.8)	19.8	327	32.8	485	13.2	13.1	6.0	1.69	13.1
Maine Public Service (MAI)	18.88	(1.3)	18.0	31	59.4	74	7.4	NA	4.9	0.79	11.0
High:				--	59.4%	--	13.3x	13.1x	7.0x	11.8x	13.1%
Median:				--	48.2	--	11.8	13.0	5.4	1.46	11.7
Mean:				--	47.2	--	11.1	12.5	5.6	1.35	11.9
Low:				--	32.8	--	7.4	11.4	4.4	0.79	11.0
Dolphin	\$15.00	(13.7%)	6.2%	\$110	63.6%	\$300	7.8x	NA	4.1x	0.82	12.9%

Note: EBITDA, EBIT, Net Income to Common, and EPS adjusted for unusual and nonrecurring items.

LTM: Latest Twelve Months as of 03/31/00.

(a) Stock price as of 06/27/00.

(b) Firm value equals equity value plus straight debt, minority interest, straight preferred stock, all out of money convertibles, less investments in unconsolidated affiliates and cash.

(c) L/B/E/S EPS estimates as of 06/27/00.

(d) Equity market capitalization and firm value reflect stripped out value of NSTAR's ownership in RCM.

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Precedent Electric Utility Transactions Analysis

(Dollars in Millions)

(Dollars in Millions)

Date Announced/ (Completed)	Target/ Acquirer	Equity Value	Aggregate Value	Equity Value			Book Value	Premium / Mkt Price		
				LTM	Net Income			1-day	5-day	1-month
					FY+1	FY+2				
15-Jun-99 (Pending)	CEI Group/ Energy East	\$964	\$1,541	14.0x	17.5x	18.6x	1.66x	47.0%	43.5%	41.3%
11-May-99 (Pending)	Empire District Electric Co./ UtiliCorp United Inc.	506	797	19.3	20.4x	-	2.20	38.8	39.6	34.9
5-Mar-99 (Pending)	St. Joseph Light & Power Co./ UtiliCorp United Inc.	190	271	17.6	15.1	-	2.75	36.3	36.3	33.3
1-Feb-99 (19-Apr-08)	Eastern Utilities Associates/ New England Electric System	634	1,121	17.2	17.7	17.1	1.70	4.9	1.6	9.7
7-Dec-98 (25-Aug-99)	Commonwealth Energy System/ BEC Energy	950	1,575	16.0	17.9	16.2	2.13	16.6	14.5	16.1
10-Jul-97 (29-Sep-98)	Upper Peninsula Energy/ WIS Resources	72	120	13.5	-	-	1.64	31.4	21.5	31.4
25-Mar-97 (31-May-98)	ESELCO Inc./ Wisconsin Energy Corp.	69	92	24.5	-	-	3.39	50.3	54.0	72.9
16-Aug-96 (21-Apr-98)	WPL Holdings Inc./ Interstate Power Co.	313	577	13.0	14.9	16.1	1.57	15.2	15.7	25.3
25-May-94 (19-Jun-95)	Conowingo Power (PECO)/ Delmarva Power & Light	150	153	26.6	-	-	1.95	-	-	-
25-Jan-93 (1-Jul-93)	Southwestern Electric Service Co./ Texas Utilities Co.	62	77	18.3	-	-	1.92	87.6	90.5	94.4

High	26.6x	20.4x	18.6x	3.39x	87.6%	90.5%	94.4%
Mean	18.0	17.2	17.0	2.09	36.5	35.3	39.9
Median	17.4	17.6	16.7	1.94	36.3	36.3	33.3
Low	13.0	14.9	16.1	1.57	4.9	1.6	9.7

High	26.6x	20.4x	18.6x	3.39x	87.6%	90.5%	94.4%
Mean	18.0	17.2	17.0	2.09	36.5	35.3	39.9
Median	17.4	17.6	16.7	1.91	36.3	36.3	33.3
Low	13.0	14.9	16.1	1.57	4.9	1.6	9.7

Discounted Cash Flow Analysis

(\$ in Millions, except for Per Share Data)

	Calendar Year Ending December 31,			
	2000E	2001P	2002P	2003P
Revenues	\$176.2	\$136.8	\$128.4	\$121.6
Growth	(11.0%)	(22.3%)	(6.2%)	(5.3%)
EBITDA	66.6	65.3	64.8	58.0
EBITDA Margin	37.8%	47.7%	50.5%	47.7%
EBIT	36.4	33.8	32.7	36.0
EBIT Margin	20.7%	24.7%	25.5%	29.6%
Net Income	13.4	13.4	13.1	15.5
Net Income Margin	7.6%	9.8%	10.2%	12.7%
Unlevered Free Cash Flow	\$29.6	\$27.1	\$25.5	\$29.2
				\$30.8

Firm Value

WACC	Terminal Net Income Multiple Range			Terminal Value
	9.5x	10.5x	11.5x	
7.0%	\$353	\$365	\$377	\$390
7.3%	350	362	374	386
7.5%	347	359	371	383
7.8%	344	356	368	380
8.0%	341	353	364	376
				\$380

Equity Value Per Share

WACC	Terminal Net Income Multiple Range			Terminal Value
	9.5x	10.5x	11.5x	
7.0%	\$20.83	\$22.20	\$23.57	\$24.94
7.3%	\$20.49	\$21.85	\$23.20	\$24.56
7.5%	\$20.16	\$21.50	\$22.84	\$24.18
7.8%	\$19.83	\$21.16	\$22.48	\$23.81
8.0%	\$19.50	\$20.82	\$22.13	\$23.44
				\$380

Note: Based on management estimates.

- (1) Firm value equals equity value plus total debt and preferred stock of \$206 million, less cash of \$40 million.
- (2) Equity value is based on net debt of \$166 million.
- (3) Equity value per share is based on diluted shares outstanding of 7.36 million common shares and 1.61 million warrants with a strike price of \$7.00, as of 3/31/00.

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Valuation Summary

PUBLIC COMPARABLE COMPANIES (\$ in Millions)	Operating Data (1)	Multiple Range		Firm Value (2)		Equity Value		Per Share (3)	
		Low	High	Low	High	Low	High	Low	High
2000 Net Income	\$13.4	9.5x	13.5x	\$293	\$316	\$127	\$180	\$14.14	\$20.10
2001 Net Income	13.4	9.5	12.5	293	313	127	167	14.14	18.61
Book Value as of 3/31/00	135.1	0.8	1.5	274	368	108	203	12.04	22.58

Reference Range	\$14.00	\$20.00
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PRECEDENT TRANSACTIONS (\$ in Millions)	Operating Data (1)	Multiple Range		Firm Value (2)		Equity Value		Per Share (3)	
		Low	High	Low	High	Low	High	Low	High
2000 Net Income	\$13.4	15.0x	18.0x	\$366	\$406	\$200	\$240	\$22.33	\$26.80
2001 Net Income	13.4	14.0	17.0	353	393	187	227	20.84	25.31
Book Value as of 3/31/00	135.1	1.7	2.2	396	463	230	297	25.59	33.12

Reference Range	\$22.00	\$28.00
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DISCOUNTED CASH FLOW (\$ in Millions)	Assumptions	Firm Value (2)		Equity Value		Per Share (3)	
		Low	High	Low	High	Low	High
Dolphin	Terminal net income multiple of 9.5x and 13.5x Discount rate of 7.0% and 8.0%	\$341	\$402	\$175	\$236	\$19.50	\$26.31
Reference Range						\$19.50	
						\$26.31	

(1) Operating data based on management estimates.

(2) Firm value equals equity value plus total debt and preferred stock of \$26 million, less cash of \$40 million.

(3) Equity value per share is based on diluted shares outstanding of 7.36 million common stock and 1.61 million warrants with a strike price of \$7.00, as of 3/31/00.

Valuation Approaches

Discounted cash flow will be the most useful valuation tool. The key inputs will be a dispatch model of the market under different scenarios and an estimation of the magnitude and volatility of the peak/off peak differential.

DCF Analysis	Market Multiples	Asset Based Measures
Expected cash flows are forecast over the economic life of the plant based on different dispatch scenarios.	Used as a secondary measure of values	Usefulness limited due to unique characteristics of market or contract.
Residual value based on "site value"	P/E ratios of IPP companies would be primary tool. However, usefulness is declining because of international concentration and aspects of IPP contracts.	Recent IPP transactions indicate a purchase price of approximately \$500,000/MW.
Option valuation techniques may be used to account for volatility in fuel and power prices.		A higher price of \$1.2 million/MW has been recently achieved for a merchant plant in Australia.

Key Valuation Issues

Value of Generating Assets in a Competitive Market

- Expectation of prices for energy and capacity and the nature of competition
- Ability of the plant(s) to produce competitively priced power
- Risks and opportunities associated with power pool restructuring and regional capacity
 - Power marketing
 - Transmission constraints
 - Nuclear dependency
- Technological risk relative to current or anticipated competitive sources in the region
 - Hydrology risks and dispatch capabilities
- Value of a portfolio of assets as part of business versus individual plants

Ability to Enhance the Value of the Acquired Assets

- Ability to increase revenues through power marketing
 - IOUs undergoing disaggregation processes
 - Municipalities
 - Directly with end-use customers
 - Ability to charge for ancillary services
- Ability to reduce costs and improve operations, including fuel procurement

Sale of assets (excl. nuclear) for \$335M



Selected financial indicators

	1997	1998	1999	2000	2001
Earnings per share	0.51	1.87	2.31	2.11	2.27
Common equity capitalization as percent of total	39.4%	52.5%	54.6%	57.6%	61.6%
Rates of return on common equity	3.3%	11.8%	13.5%	11.5%	11.5%
Book value per share - end of year	15.38	16.35	17.75	19.04	20.41
Pretax interest coverage	1.8	4.8	5.0	4.7	5.2
Cash flow / construction	82%	636%	200%	167%	164%

FINANCIAL IMPACTS OF GENERATION DIVESTITURE

PRELIMINARY

Assumes Maine Yankee Shutdown
(\$ in Millions)

Income Statement Items (2002)

	"As Is"	Generation Assets Sold For:		
		\$335	\$385	\$455
Revenue	\$1,001	\$828	\$821	\$813
EBITDA	222	165	163	161
EBIT	163	114	112	110
CFFO	150	123	125	128
Net Income	82	60	60	60

Capitalization (12/31/99)

Preferred Stock	8%	9%	9%	10%
Total Debt	47%	59%	59%	57%
Common Equity	45%	32%	32%	33%
Total Capitalization	\$1,245	\$1,053	\$1,039	\$1,004
Net Equity Repurchased		\$242	\$242	\$242

Note: All generation asset sale cases are adjusted for repurchase of \$200 million equity versus debt retirement in CTP cases.

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REDACTED

Phase 2 Bid Initial Adjustments — Fossil

	FPL	BIDDER D	BIDDER C
Fossil			
Base Bid:	\$104,000,000	\$87,000,000	\$61,100,000
Adjustments:			
Plus: Mason	---	---	4,000,000
Less: Buyback - Current Supply Costs	(34,500,000)	(2,100,000)	(14,500,000)
Less: Inventory Adjustment	(8,900,000)	---	---
Less: Continuing Site Adjustment	(7,000,000)	---	---
Plus: Joint Owner Commission	---	---	190,000
Total Adjustments	(50,400,000)	(2,100,000)	(10,310,000)
Adjusted Bid	\$353,600,000	\$84,900,000	\$50,790,000
Gap with FPL		\$268,700,000	\$302,810,000

FINANCIAL IMPACTS OF GENERATION DIVESTITURE

PRELIMINARY

Assumes Maine Yankee Shutdown (\$ in Millions)

Income Statement Items (2002)

	\$1,001	\$828	\$821	\$813
Revenue	222	165	163	161
EBITDA	163	114	112	110
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Note: All generation asset sale cases are adjusted for repurchase of \$200 million equity versus debt retirement in CTP cases.

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Sale of assets (excl. nuclear) for \$335M



Selected financial indicators

	1997	1998	1999	2000	2001
Earnings per share	0.51	1.87	2.31	2.11	2.27
Common equity capitalization as percent of total	39.4%	52.5%	54.6%	57.6%	61.6%
Rates of return on common equity	3.3%	11.8%	13.5%	11.5%	11.5%
Book value per share - end of year	15.38	16.35	17.75	19.04	20.41
Pretax interest coverage	1.8	4.8	5.0	4.7	5.2
Cash flow / construction	82%	636%	200%	167%	164%

Generation Valuation Summary

- Assuming a portion of the after-tax proceeds are used to pay down existing debt, CMP should easily become an investment-grade company.

Illustrative Adjusted Sale Price:	\$750	- Debt Repayment:	\$375
- After-tax Proceeds:	\$496	- Stock Buyback:	\$121

ILLUSTRATIVE

	Post Closing TransCo Capital Structure		
	CMP Stand Alone	Adjustments	NewCo
Total Debt	\$645.6	(\$375.0)	\$270.6
Preferred Stock	\$65.6	\$0.0	\$65.6
Less Cash	12.7	\$0.0	\$12.7
	\$698.5	(\$375.0)	\$323.5
Book Value of Equity	\$491.0	(\$121.0)	\$370.0
Book Capitalization	\$1,189.5	(\$496.0)	\$693.5
Debt/Book Capitalization	60.6%		46.6%
Equity/Book Capitalization	39.4%		53.4%

(1) Market capitalization is defined as net debt plus equity value; equity value as of 12/12/97.